

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2053 - SB 2559

February 19, 2022

SUMMARY OF BILL: Removes the 120-day limit that a retired member of the Tennessee Consolidated Retirement System (TCRS) can be employed as a public-school teacher or bus driver and continue to draw retirement allowance if no other qualified personnel are available for the position during the period. Requires the compensation payable to the member to not exceed the compensation rate set by the public-school system for teachers and bus drivers.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$718,000/FY22-23
\$359,000/FY23-24 and Subsequent Years**

**Increase Local Expenditures – \$478,600/FY22-23*
\$131,600/FY22-23/Permissive
\$239,300/FY23-24 and Subsequent Years*
\$71,800/FY23-24 and Subsequent Years/Permissive**

Assumptions:

- The legislation expands the removal of the 120-day limit a qualified TCRS member can be employed in a public school to include teachers and bus drivers, in addition to substitute teachers.
- It is estimated that 1.6 percent of retired TCRS members have returned to work under provisions that allow retired TCRS members to work in certain positions while still receiving retirement benefits; therefore, it is estimated 1.6 percent of TCRS members who work as either a public-school teacher or bus driver would retire early as a result of this legislation.
- It is estimated that 100 teachers (6,254 teachers currently eligible to retire x 1.6 percent) and 11 bus drivers (676 bus drivers currently eligible to retire x 1.6 percent) would retire early in FY22-23 as a result of the legislation.
- Based on information provided by TCRS, the average cost per public-school teacher or bus driver who is early retiring is \$11,966.
- It is assumed the average public-school teacher or bus driver who retires early will retire one year earlier than their planned retirement date.
- The total increase in expenditures resulting from teachers retiring early is estimated to be \$1,196,600 (100 teachers x \$11,966) in FY22-23.

- The total increase in expenditures resulting from bus drivers retiring early is estimated to be \$131,626 (11 bus drivers x \$11,966) in FY22-23.
- It is assumed the percentage of additional teachers and bus drivers who retire early will decrease by 50 percent in FY23-24, following the likely return to a less volatile work environment as COVID-19 subsides.
- The total increase in expenditures resulting from teachers retiring early is estimated to be \$598,300 (50 teachers x \$11,966) in FY23-24 and subsequent years.
- The total increase in expenditures resulting from bus drivers retiring early is estimated to be \$71,796 (6 bus drivers x \$11,966) in FY23-24 and subsequent years.
- Pursuant to Tenn. Code Ann. § 8-35-101, K-12 teachers are members of the TCRS as a condition of employment
- Sixty percent of the funding for the costs of public-school teachers in TCRS comes from the state of Tennessee, while forty percent comes from the Local Education Agency (LEA).
- The recurring increase to state expenditures is estimated to be \$717,960 (\$1,196,600 x 60%) in FY22-23.
- The recurring increase to state expenditures is estimated to be \$358,980 (\$598,300 x 60%) in FY23-24 and subsequent years.
- The mandatory recurring increase to local expenditures is estimated to be \$478,640 (\$1,196,600 x 40%) in FY22-23.
- The mandatory recurring increase to local expenditures is estimated to be \$239,320 (\$598,300 x 40%) in FY23-24 and subsequent years.
- Pursuant to Tenn. Code Ann. § 8-35-202(c), political subdivisions participating in TCRS may opt out of changes made to retirement law for their employees. Bus drivers are considered employees of the political subdivision; therefore, any increase in expenditures related to retirement law for bus drivers is considered permissive.
- The LEA is responsible for 100 percent of the funding for public-school bus drivers.
- The permissive increase in local expenditures is estimated to be \$131,626 in FY22-23.
- The permissive increase in local expenditures is estimated to be \$71,796 in FY23-24 and subsequent years.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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